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C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 000208

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SUBJECT: BERLIN AND BEIJING BACK ON TRACK

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Classified By: Political Minister Counselor Jeffrey Rathke for reasons
1.4(b)/(d)

SUMMARY

¶1. (C) Tracking with reports from Beijing (reftel), German relations with China have developed forward momentum following a negative shift in the bilateral relationship in the fall of 2007. This follows a series of diplomatic exchanges over the past few months, culminating recently with a telephone exchange between Chancellor Merkel and Prime Minister Wen Jiabao. The recent strain in German-Chinese relations appear to have been short-lived, but reveals China's ongoing sensitivities to political criticism and also shows some division between the present coalition partners in the German government concerning China. End summary.

TROUBLED WATERS IN FALL 2007

¶2. (C) Following a visit to China by German Chancellor Angela Merkel in August 2007, bilateral relations between China and Germany suffered as a result of two developments: the first, more publicly inflated in the press, concerned Chancellor Merkel's decision to receive the Dalai Lama at the Chancellery for a "private exchange" -- the first time that the Dalai Lama had been received by the Chancellery. The Government of China registered formal protest at this move by Chancellor Merkel, and subsequently cancelled three significant bilateral meetings planned for the latter half of last year: the human rights dialogue (October), the rule of law dialogue (December), and a visit to Beijing by Finance Minister Peter Steinbrueck. According to the lead desk officer for China at the German MFA, Thomas Gerberich, the cancellation of the rule of law dialogue was the most concerning because the current agreement under this dialogue ended in 2007, and a new agreement was planned for the December 2007 meeting. Programs under the agreement continue, Gerberich said, but there is no binding agreement for these. MFA officials hope that this dialogue will resume in the first half of 2008.

¶3. (C) The second reason for the GoC's malcontent, however, concerns the publication in late October by the CDU/CSU parliamentary group of an Asia strategy paper, "Asia as a Strategic Challenge and Opportunity for Germany and Europe." The paper raises concerns about the security challenges posed by China to Europe, as well as concerns about China's handling of human rights, the environment, and its engagement on global issues, notably within the context of the UN Security Council. According to Gerberich, the GoC interpreted the publication of this paper -- only weeks after

Chancellor Merkel's visit there -- as a shift in direction of the German government and was perhaps a bigger factor in the GoC's decision to cancel high-level meetings late in 2007.

14. (C) The Chancellery responded to this complaint by explaining that the paper represents the views of just one party within the German democratic system, and does not necessarily reflect the views of the German government. Gerberich noted that this was a difficult point to press to a one-party government that does not permit a differentiation of policy views. (Note: While some in the Foreign Office do not like the CDU/CSU's strategy paper, other senior officials have shared that they do not find it too controversial. We suspect there are many in the SPD who are unhappy that the CDU/CSU has, in a way, cornered the market on Asia strategy within the German government. End note.)

BRIDGE BUILT FROM ANNAPOLIS MEETING

15. (C) According to Gerberich and other sources (reftel), FM Steinmeier and FM Yang met on the margins of the November Middle East conference in Annapolis, and discussed ways out of the impasse between their two governments. The suggestion was made that the two begin a series of letter exchanges to outline their conditions for restoring the bilateral relationship. This letter exchange, which continued until mid-January, focused on four items:

- insistence by China that Germany clarify and speak publicly about its One China policy;
- insistence by China that Germany oppose moves by Taiwan to independence;

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- insistence by Germany that matters in the Taiwan Strait be resolved peacefully (i.e., not militarily);
- insistence by Germany that China support the protection of religious freedoms and cultural rights.

16. (SBU) On January 22, on the margins of the P5 1 meeting in Berlin, FM Steinmeier held bilateral talks with FM Yang, which was followed by a joint press statement affirming commitment to the conditions specified in para 4. FM Steinmeier's comments on Germany's One China policy drew attention from the press, which noted that this was the first time the One China policy had specifically included Taiwan and Tibet. Gerberich noted, however, that FM Steinmeier only said that Tibet and Taiwan are part of "China", did not specify the "People's Republic of China" -- an important distinction between geographic and political terms.

17. (SBU) Following this public exchange, a number of high-level German officials will travel to China in the first half of this year. The first, which took place in early February, was a visit by Environment Minister Sigmar Gabriel. Other senior officials who plan to travel to Beijing include Interior Minister Wolfgang Schaueble (who may also travel to Beijing for the Olympics in his dual capacity as Sports Minister), Education Minister Annette Schavan, Foreign Minister Steinmeier, Transportation Minister Wolfgang Tiefensee, and Finance Minister Peer Steinbrueck (whose planned visit for December had previously been cancelled). During a telephone conversation on February 15, Chancellor Merkel and Prime Minister Wen Jiabao agreed to improve relations and step up visits in both directions. Wen invited Merkel to attend the Asia Europe meeting, to be held October 24-25 in Beijing. They also agreed to continue existing bilateral forums of dialogue and work together to prepare for the G-8 summit in June in Japan. Merkel reiterated Germany's One China policy and its opposition to Taiwan's referendum in the UN, as well as its opposition to calls for Tibet's independence. She commented that occasional differences of opinion do not alter those policies. Wen extended an invitation to German politicians to visit Tibet for a

first-hand assessment.

COMMENT

18. (C) The ruffle in German-Chinese relations in the latter half of last year appears to have been a relative blip on the radar. However, the exchanges tell us at least three noteworthy things about the bilateral relationship. First, the GoC remains incredibly sensitive to criticism about its handling of human rights. The GoC registered greater concern over an isolated parliamentary group paper, which singled China out on these issues, than it did over Chancellor Merkel's comments when she traveled to Beijing. Second, the GoC remains intensely focused on how its Western partners deal with the related issues of Taiwan, Tibet, and the Dalai Lama -- to the point that it will leverage its position at strategic moments to generate high-level diplomatic discussion about these. Finally, although there was a detectable shift in Germany's relations with China over the past five months, both countries seem to understand the critical and interdependent nature that remains at the core of their economic and political relationship. For that reason, diplomatic exchange seems to have largely resolved tensions that arose in recent times. End comment.

TIMKEN JR